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December 14, 2016

Chairman Coursen and Blue Ribbon Committee Members:

The purpose of this correspondence is to provide an update on recent developments concerning the proposed Cibolo Parkway project.

Texas Turnpike Corporation President, John Crew, was present and provided a report at the regular December 13, 2016 City Council meeting. In his report, Mr. Crew outlined to the City Council that sufficient evidence exists to invest additional capital and research to further engage traffic consultants for the proposed project. With that said, the City Council provided direction to the City Manager and City Attorney to enter into negotiations with the Texas Turnpike Corporation.

Additionally, the City Council authorized the City Manager to submit a formal request to the Texas Department of Transportation to pursue a Memorandum of Understanding with the Texas Turnpike Corporation related to the proposed Cibolo Parkway project.

You may recall discussing some of these Project Gates items in your Blue Ribbon Committee meetings. We will continue to share updates with you as these milestones are achieved or other developments occur.

Please contact me should you have questions or wish to discuss further.

Sincerely,

Robert T. Herrera  
City Manager



# Cibolo Turnpike

Presentation of Initial Feasibility

December, 2016



# The Project



The Project contemplated is the design, development, financing, construction, operation and maintenance of a new toll road extending approximately 7 miles from the intersection of Weil Road and FM 1103 in Cibolo, Texas thru and eastward to IH-10. The Project includes buying back of the existing portion FM 1103 from SH78 on the east to I-35 on the west.

The Project is part of the City's adopted thoroughfare plan and will partially satisfy the demands for new thoroughfare construction in the City. It will provide for a new transportation corridor to IH-10 that will allow for a better utilization of existing but underutilized capacity on IH-10 entering and exiting the San Antonio metropolitan area. The development of the Project will enable more residential and commercial development within the City and will give local residents and businesses better access to employment centers located along both IH-10 and in the City of San Antonio, Texas.



# Feasibility

## I. Determination of Revenues

- a. Introduction of Project Description
  - i. *Study Purpose, Methodology, and Scope*
  - ii. *Project History and Description*
  - iii. *Project Context and Objectives*
- b. Regional Transportation Network
  - i. *Existing Roadway System (I-35 & I-10)*
  - ii. *Competing Surface Roadways*
  - iii. *Intersecting Roadways*
  - iv. *Other Area Tollroads*
  - v. *Proposed Improvements to the Existing System*
- c. Existing Travel Patterns
  - i. *Traffic Conditions and Data Sources (TXDOT & AAMPO)*
  - ii. *Cibola Area Traffic by Month and Day of Week*
  - iii. *Traffic Growth Trends*
  - iv. *Traffic on I-35 and I-10*
  - v. *Traffic on Other Parallel Routes*
  - vi. *Origin and Destination Patterns*
  - vii. *Travel Time Patterns*
- d. Toll Collection
  - i. *Methods*
  - ii. *Policy Regarding Future Rates*
  - iii. *Toll Rates*

- e. Socioeconomic and Land Use Review
  - i. *Forecast and Overview*
  - ii. *Historic Population and Employment Trends*
  - iii. *Trends Affecting Development*
    - 1. *Water Infrastructure*
    - 2. *Energy Sector*
    - 3. *Available Housing*
- f. Model Validation and Refinement
  - i. *Methodology*
  - ii. *Sub-Area Diversion Model*
- g. Traffic and Revenue Forecast
  - i. *Screenline Analysis and Model Results*
  - ii. *Schematic Diagrams*
- h. Sensitivity Analysis

## II. Determination of Costs

- a. *Design and Construction Cost Estimates*
- b. *Operation and Maintenance Estimation*
- c. *Debt Service Estimation*
- d. *Necessary Equity Return*

## I. Valuation of Feasibility / Determination of Go-Forward





# Traffic

Every day, more than 1,000 people move to Texas. The City of Cibolo has a front row seat to the impact of this high population growth on our State. Cibolo is located in the heart of what the State Demographer calls “the Golden Triangle,”; an area that is expected to receive 80% of the 27 million additional citizens Texas is forecast to gain by 2050.

One of the biggest transportation infrastructure challenges facing the City is high traffic volume and increased congestion along and adjacent to the FM 1103 corridor. As a part of our analysis, we engaged a nationally renowned traffic engineer to give us an independent third party estimate of traffic and revenue. They provided a sub-level 1 model run, which is consistent with the existing MPO’s traffic model. On October 4, 2016, AC Group LLC, a traffic engineering and data collection company, provided the City with a report of a traffic survey and count for the FM 1103 Corridor.

The following table contains the numbers resulting from the sub-level 1 model run, consistent with the MPO’s traffic model, side-by-side with the existing traffic counts recorded by AC Group. The data shows that the current traffic already significantly exceeds the MPO model’s estimation for 2020 traffic counts in 5 of the 6 stations surveyed.

# Traffic cont'd

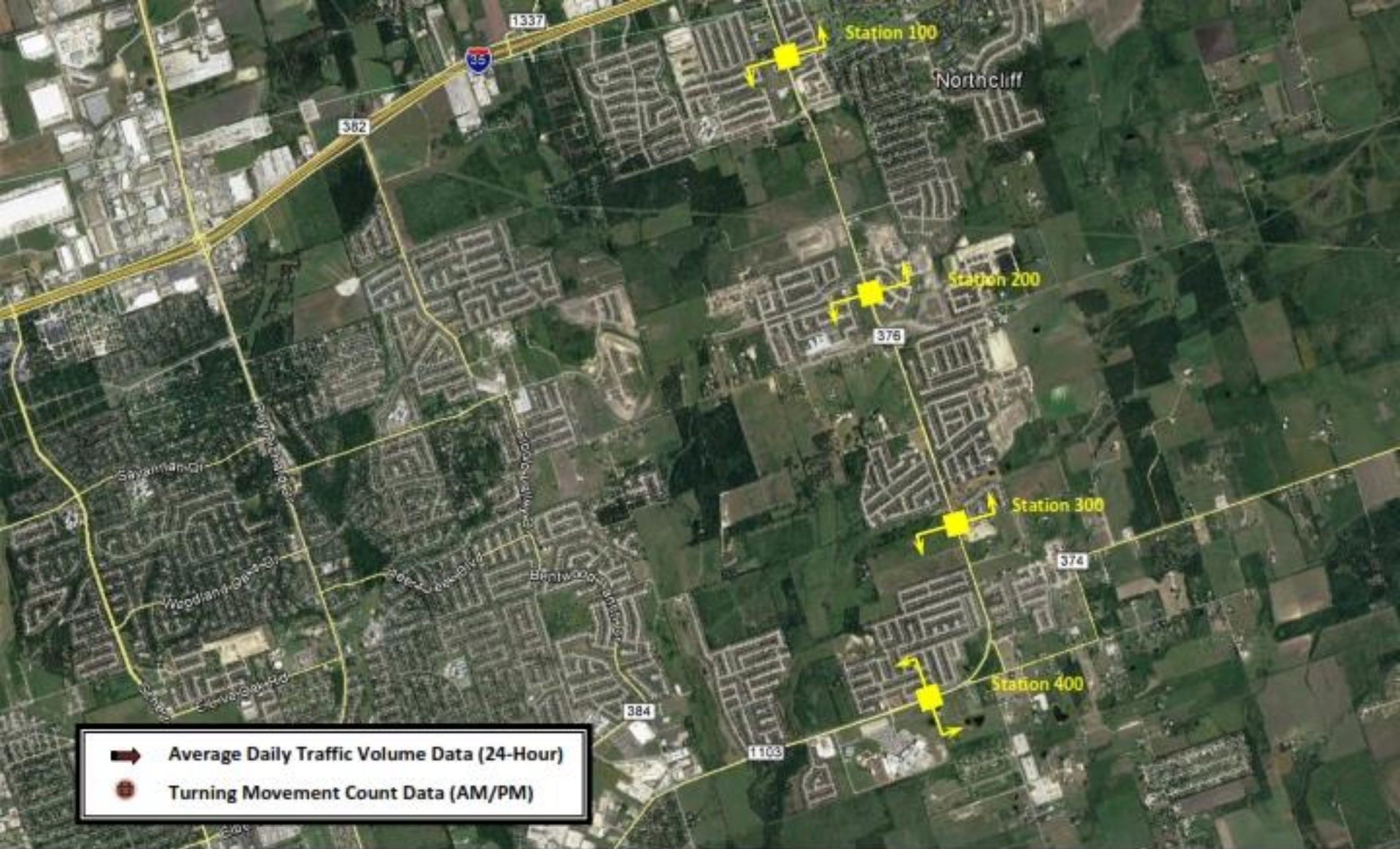


Station Number	Existing MPO Model Projected Traffic Count 2020	Actual Daily Traffic Count 2016
100	17,118	19,625
200	3,086	18,109
300	712	16,905
400	3,451	12,986
500	6,609	18,627
600	16,403	12,114



Sub-level Traffic Model Consistent with Existing MPO Model



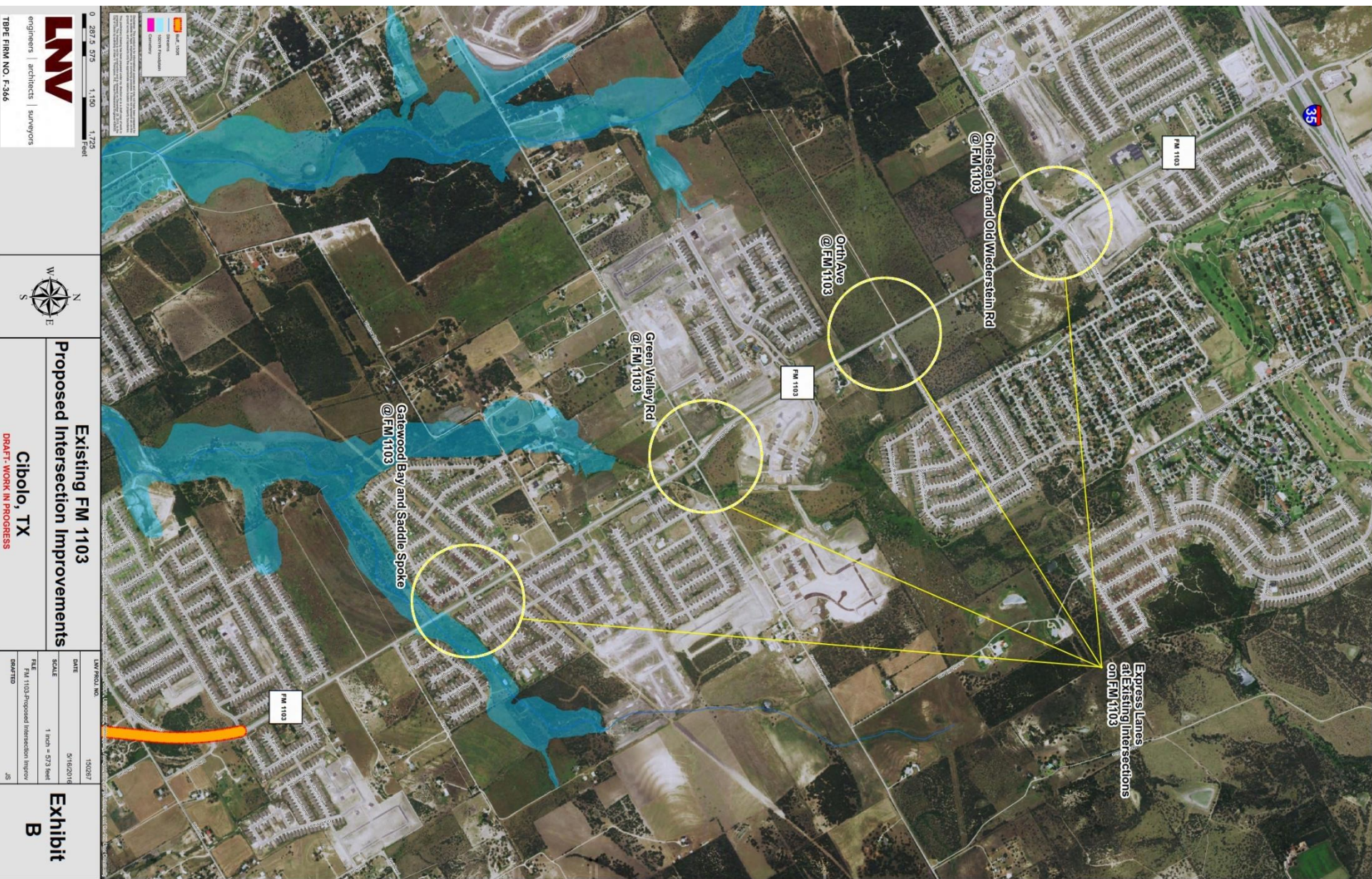








# Project Map Highlighting Potential Fly-over Intersections





# Cost Estimate



In May, 2016 a ‘Design Charrette’ was performed for us by Huitt Zollars. The Preliminary Construction Cost Estimate below is the result.

## Preliminary Construction Cost Estimate

	Segment I new	Segment II old
Mobilization and Bonds	\$1,864,924	\$1,180,898
Earthwork & Erosion Protection	\$7,834,080	\$7,083,817
Storm Drains, Barriers, Fencing	\$7,097,515	\$10,808,000
Paving	\$26,156,732	\$12,971,667
Tolling, Signage, Traffic Controls, Noise Barriers, Miscellaneous	\$6,375,808	\$5,003,805
Major Facilities / Bridges (with aesthetic budget)	\$14,700,000	\$2,828,800
20% Contingency of Construction Costs	\$12,432,827	\$7,872,652
Environmental, Professional Services, Engineering, Surveying, Geotechnical Services, Construction Phase Services and Construction Materials Testing	\$19,116,074	\$16,644,720
<b>Total Construction and Related Costs</b>	<b>\$95,577,360</b>	<b>\$64,394,359</b>

# Financial Plan

## ESTIMATED CASHFLOW FROM OPERATIONS

In 000's

<i>Assuming Project Held Through...</i>	2020	2021	2022	2023	2024	2025	Cumulative thru 2075
<b>Revenue</b>	<b>\$6,615</b>	<b>\$8,673</b>	<b>\$10,916</b>	<b>\$12,721</b>	<b>\$13,342</b>	<b>\$13,994</b>	<b>\$1,381,557</b>
<b>Expenses</b>	<b>\$2,823</b>	<b>\$3,108</b>	<b>\$3,410</b>	<b>\$3,660</b>	<b>\$3,781</b>	<b>\$3,906</b>	<b>\$437,320</b>
<b>EBITDA</b>	<b>\$3,792</b>	<b>\$5,565</b>	<b>\$7,506</b>	<b>\$9,061</b>	<b>\$9,561</b>	<b>\$10,088</b>	<b>\$944,237</b>
<b>Debt Service</b>	<b>(2,745)</b>	<b>(5,489)</b>	<b>(5,489)</b>	<b>(5,489)</b>	<b>(5,489)</b>	<b>(5,489)</b>	<b>(274,893)</b>
<b>Cap Maint &amp; TTC</b>	<b>(496)</b>	<b>(650)</b>	<b>(819)</b>	<b>(954)</b>	<b>(1,001)</b>	<b>(1,050)</b>	<b>(190,406)</b>
<b>Cash Before Return to Investors</b>	<b>\$551</b>	<b>(\$574)</b>	<b>\$1,198</b>	<b>\$2,618</b>	<b>\$3,071</b>	<b>\$3,549</b>	<b>\$478,938</b>



# The Feasibility



- ① The 1103 Corridor Initial Feasibility Report is exploratory and programmatic in nature; intended to identify and validate a financial plan of action for the corridor but not to explore, at this time, the in-depth the steps required to implement the recommendations.
- ① The route proposed for the Parkway/Tollway is conceptual only, shown to generally depict travel needs, and does not define the exact route.
- ① This Report performed a high level analysis for the proposed freeway/tollway to generally assess viability, potential costs and projected financial soundness.
- ① The report anticipates the turnback of the existing FM 1103 and includes keeping the \$30 million in contemplated construction cost.
- ① Third party reports and professional advisories, from national as well as local experts, were used as a basis for our numbers and ultimate conclusion.

# Conclusion



- 🌐 The development and construction of a greenfield, 7 mile, toll road project plus improvement to the existing FM1103 in Cibolo, Texas.
- 🌐 Creation of a new transportation corridor east of IH-35 that will allow for better utilization of existing but unused capacity on IH-10 entering and exiting the City of San Antonio.
- 🌐 Strategically located between IH-10 & IH-35 corridors.
- 🌐 Well understood construction criteria.
- 🌐 Stakeholder support from the City of Cibolo.

The Texas Turnpike Corporation and its assigns are willing to invest private capital, at no risk to the City, in pursuit of the development and construction of the Cibolo Parkway. This arrangement to be evidenced by an executed Development Agreement between the parties.